

## NOTICE OF REQUEST FOR PROPOSAL

The City Secretary of the City of Joshua, Texas, will accept sealed depository proposals from financial institutions, **in triplicate along with one (1) electronic copy (Flash Drive)**, until 2:00 p.m., Wednesday, **November 14, 2022**. All depository proposals will be publicly opened on that date at 2:00 p.m. in the Joshua City Hall-Council Chambers, 101 South Main Street, Joshua, Texas 76058, for the performance of depository services for the City of Joshua, Texas, for the five-year period beginning January 1, 2023, and ending December 30, 2028.

It is the sole responsibility of the respondent to ensure that the proposal is in the **Office of the City Secretary** of the City of Joshua, Texas, prior to the expiration of the time and date above first written. Applications may be mailed or delivered by hand or common courier. Application envelopes should include the following notation: **DO NOT OPEN – RFP - NO. 2022-02**.

Copies of the depository proposals may be obtained from the home page of the City's website under the "How Do I" section at <https://www.cityofjoshuatx.us/> or from the office of Joanna McClenny, Finance Manager, City of Joshua, 101 South Main St., Joshua, Texas. Technical questions should be addressed in writing to the Finance Manager at the address stated above or via email at [jmccclenny@cityofjoshuatx.us](mailto:jmccclenny@cityofjoshuatx.us).

It is anticipated that the application for the performance of depository services will be awarded by the City of Joshua Council on or about Thursday, November 17, 2022. The City of Joshua reserves the right to reject any and all proposals, to waive any and all technicalities, and to accept any proposal which it deems to be in its best interest. Each respondent agrees to waive any claim it has or may have against the City of Joshua, Texas, and its respective employees, arising out of or in connection with the administration, evaluation, or recommendation of any proposal.

The City of Joshua is subject to the Texas Public Information Act, a state law, which may require the City to make the information provided in response to this request for proposals available to the public upon request.

**Alice Holloway, City Secretary**  
**City of Joshua, Texas**

**REQUEST FOR PROPOSAL**  
**DEPOSITORY AND BANKING SERVICES**  
**THE CITY OF JOSHUA, TEXAS**

**I. INTRODUCTION**

The City of Joshua ("City") invites Banking institutions to submit Request for Proposal in order to provide depository and various Banking services to the City according to the requirements of this Request for Proposal for Depository and Banking Services (the "Request"). It is the intention of the City that the depository contract be for a five (5) year period.

The City's goal is to select a Bank ("Bank") that offers the most favorable package of terms and conditions for handling of municipal funds. Toward this goal, Banking institutions that respond to this Request may make such proposals, present such additional banking services that the institution chooses.

If the City develops a need for additional accounts or services during the life of the depository agreement, those new accounts or services should be provided within the same framework that applies to existing accounts or services. If federal or state law or regulations, the Federal Reserve, or other regulatory body rule or regulation permits or provides for the establishment of new accounts or other services, which are favorable to the City, the Bank is expected to make those services available.

Purchases of certificates of deposit and other time deposits and investment and the selection of accounts by the City will be made at the direction of the City. It is expected that the City will select accounts and investment options that will maximize the City's earnings. The City reserves the right to purchase, sell, and invest its funds and funds under its control as may be authorized by law.

The successful Bank will be required to execute a depository contract incorporating the terms of this request and the Bank's proposal.

**II. CRITERIA FOR EVALUATION**

The City staff shall review the submitted proposals carefully. The recommendations shall be based on the bid determined to be the best on behalf of the City. As an indication of what will be considered in the evaluation of the proposals, the following areas are listed:

- \*Ability to perform the requested services at a convenient and easily accessible location— 25%
- \*Agreement to points outlined in the Request for Proposal – 15%
- \*Cost of banking services – 15%
- \*Financial stability if the bank – 20%
- \*Earnings potential (interest rates) and funds availability – 10%
- \*Safekeeping and collateral agreements – 10%
- \*Quality of all reports requested – 5%

### III. ACCOUNT ACTIVITIES

A. The City intends to establish the following Bank accounts:

ACCOUNT NAME	TYPE
General Fund Cash Account	Checking
Type A EDC Cash Account	Checking
Type B EDC Cash Account	Checking
Hotel Occupancy Tax Cash Account	Checking
TIF Cash Account	Checking
2010 GO Bonds Cash Account	Checking
2020 GO Bonds Cash Account	Checking

The General Fund Cash Account will constitute most of the City's Banking business activity. The accounts are clearing accounts for all vendor and employee payments. The majority of City's funds are invested in an investment pool.

The General Fund Cash Account is used to pay employees on a biweekly basis. The Bi-Weekly Payroll amount is approximately \$90,000.00. The City offers direct deposit of payroll for the employees, and 100% of the payroll is paid by direct deposit.

B. The services which should be made available to the City include:

<u>FEE CHARGED /</u> <u>PER UNIT</u>	<u>VOLUME</u> <u>ESTIMATE</u>	<u>DESCRIPTION OF SERVICE</u>
1. _____	7 accounts	Account maintenance
2. _____	100/month	Deposit tickets
3. _____	1200/month	Items deposited
4. _____	200/month	Items paid
5. _____	12/yr.	Wire services
6. _____	12/yr.	Stop payment requests
7. _____	500/yr.	Ach fund transfer
8. _____	500/yr	Deposit slips printed
9. _____	4	Night depository bags
10. _____	200/mo.	Canceled checks returned
11. _____	2/yr.	Cashier's check

12. _____	0/yr.	Traveler's check
13 _____	120/mo.	P/R Direct Deposit
14 _____	200/mo.	Credit card charges
15. _____	Weekly	Courier Service (Pick-up & Deliver)

The City also requires the capability to initiate funds transfers from a personal computer. This capability is to include wire transfers and ACH transfers, both repetitive and non-repetitive. The software provided by the bank must be compatible with Windows 10 Pro.

Credit card processing service shall be available to the City as indicated above. As part of this service the necessary printer/terminals shall be provided to the City.

Items 22-25 for any service suggested by Bank.

- C. The average ledger balances of the accounts are estimated to be \$200,000 and the maximum ledger balances are estimated to be \$3,000,000. Most of which will be transferred out daily for investment by the City.
- D. Bank statements shall be rendered within five (5) working days after the close of the calendar month. The cutoff cycle for all City accounts must be the calendar month. The statement shall include deposits made on the last day of the period. The accompanying checks in the two disbursement accounts (Payroll and Disbursement) will be in numerical order. The bank will provide the ability to reconcile accounts using the City's AIS by providing electronic files formatted with a fixed length or comma delimited file type. The bank will provide positive pay service.
- E. The City intends to pay for all account services provided by the Bank as set forth in section III-B. The method expected to be used for the payment of these services shall be

to compensate the depository with sufficient account balances to offset calculated charges shown by account analysis. The City shall require computer statement analysis each month which shall clearly show volume counts, fees charged, and total price for servicing the account. The account analysis shall also show average ledger balances, average collected funds, average collected balances, interest rates, and the amount of interest paid or credited to the account.

- F. The City shall receive same day credit for all funds deposited by 3:00 P.M.
- G. Please provide by attachment a detailed explanation of the Bank's policy and methodology used in the setting of rates to be paid on the average daily checking account statement balance. Indicate when the rates change and if they are based on a market rate such as T-bill discount or yield rate.

#### IV. INVESTMENT ACTIVITIES

- A. Subject to government regulations, the following is a schedule of bids for single maturity time deposits or certificates of deposit to be completed by the proposing financial institutions:

Certificates of Deposit - \$100,000 or more:

<u>MATURITY</u>	<u>BASE</u>	<u>ADJUSTMENTS TO BASE</u>
14- 20 days	* plus	_____ basis points
30- 59 days	* plus	_____ basis points
60- 89 days	* plus	_____ basis points
90- 119 days	* plus	_____ basis points
120- 149 days	* plus	_____ basis points
150- 170 days	* plus	_____ basis points
180- 209 days	* plus	_____ basis points
210- 239 days	* plus	_____ basis points
240- 269 days	* plus	_____ basis points
270- 299 days	* plus	_____ basis points
300- 329 days	* plus	_____ basis points
330- 365 days	* plus	_____ basis points
Over 365 days	* plus	_____ basis points

A basis point equals 1/100th of one percent

\*BASE - is yield for the nearest corresponding maturity date of U.S. Treasury Bills (as reported in the Wall Street Journal for the previous day).

- B. Your rate or basis for maturities beyond one year.
- C. The maximum amount of time deposits the Bank is able to accept pertaining to the rates proposed in Section V-as is \$\_\_\_\_\_.

- D. **INTEREST CALCULATIONS.** Interest on all certificates of deposit shall be computed on an actual day basis, and the interest shall be paid to the City on the last business day of the month or the maturity date, whichever is earlier. Payment shall be made by crediting the Bank account. Interest calculations shall include the first day in the investment period but shall not include the day of maturity.

## V. COLLATERAL REQUIREMENTS

- A. **SECURITIES PLEDGED.** As security for the checking account deposits and time deposits of the City of Joshua, the Bank shall pledge to the City, securities equal to the largest total balances the City of Joshua maintains in the Bank, plus accrued interest. The securities comprising the pledge shall be marked to 110% market value on the last day of each month. The securities so pledged, the amounts thereon and the time for pledging same shall satisfy the requirements of V.T.C.A. Texas Public Funds Collateral Act Statutes.

Securities pledged to the City of Joshua shall be approved quarterly by the Loan Committee and/or the Bank Board of Directors and be recorded in the minutes of same so that State or Federal FDIC Regulatory or Audit Agencies can readily determine the securities pledge to the City of Joshua. Signed copy of minutes, excluding confidential Bank information shall be provided quarterly to the City.

- B. The Bank shall provide the City a report of securities pledged at the end of each month or at any time requested by the City Manager or a designated representative.

Total pledged securities itemized by:

Name (showing joint safekeeping for Bank and City of Joshua)
Type/Description
Par Value
Market Value at Month End
Maturity Date
Moody's and/or standard & Poor's Rating Coupon Rate

- C. **SAFEKEEPING.** The securities pledged shall be held in joint safekeeping for the Bank and the City of Joshua. Safekeeping must be done by a separate and different Bank other than the Depository Bank or any affiliate of the Depository Bank.

The original copy of all security receipts shall be filed with the Finance Manager of the City of Joshua. Written release by the City is required for all releases or substitutions of pledged accounts.

Please submit a copy of the Safekeeping Agreement and the name of the Safekeeping Bank to be used in the event you are awarded the Bank Depository Contract. The Depository Bank hereby grants to the City of Joshua a first priority security interest in the pledged securities and the Safekeeping Bank is authorized and instructed to release the collateral securities to the city if the Depository Bank has been closed by a

regulatory authority, or is in default of this agreement, and if instructions for release have been formally requested by the City Council by ordinance or resolution.

- D. **SUBSTITUTIONS.** Any substitutions of the securities or reductions in the total amount pledged shall be made only by and with proper written authorization approved by the City Manager or the Finance Manager. All securities to be pledged are subject to approval by the City of Joshua. Any state or local government securities pledged shall have a rating of A or better by Moody's or Standard & Poor's Investor Service. At least five (5) days will be required for said approval. The City agrees to accept the insurance provided by membership of the Depository in the Federal Deposit Insurance Corporation in lieu of actual collateral security for the maximum amounts insured.

- F. **WIRE SERVICES.** The third-party Safekeeping Bank must be a subscriber to the Federal Security Wire System.

## VI. OVERDRAFTS & LOAN PROVISION

- A. **OVERDRAFTS DEFINED.** The City does not intend to have a net overdraft position throughout the course of the contract. An overdraft shall be defined as a negative demand balance in the City accounts collectively, not by individual account. This includes daylight overdrafts.

Should an overdraft occur in the aggregate, the following stipulations shall apply:

1. The maximum number of days the overdraft shall be allowed is \_\_\_\_\_.
2. The maximum amount of the net overdraft to be allowed shall be \$\_\_\_\_\_.
3. The interest rate shall be \_\_\_\_\_ per annum computed on an actual day basis.

In the event a check or checks shall be presented for payment on any account or accounts maintained by the City of Joshua where there shall be insufficient funds for the purpose of paying checks, then the Depository Bank shall pay checks and agrees to notify the Director of Finance or a designated representative by telephone or other means, of the existence of the overdraft situation.

- B. Short Term Loans. The Bank agrees to loan funds to the City of Joshua on a short-term basis, if needed, for operational purposes and for capital expenditures. The Bank also agrees to purchase Certificates of Obligations that the city may issue in a private sale basis, if needed, for operational purposes and/or for capital expenditures. Specify the terms and conditions by which the Bank shall loan funds to the City on a short-term basis and/or purchase Certificates of obligation which may be issued in a private sale.

### DESCRIPTION

### SHORT TERM LOAN

### PURCHASE OF C.O.

1. Maximum Length (days, months,

- years) \_\_\_\_\_
2. Maximum Amount \_\_\_\_\_
3. Interest Rate Per Annum (based on  
Basis defined in Section IV, A) \_\_\_\_\_

## VII. OTHER STIPULATIONS

- A. The successful Bidder shall notify the City in writing within ten (10) days of any changes in Federal or State regulations or laws that would thereafter affect the Depository Agreement. The Bank shall also notify the City of any services that become available to the City throughout the contract period.
- B. Notification of wire transfers shall be made within one hour of the transaction and a duplicate copy furnished to the City within twenty-four hours.
- C. In the event it would be ruled illegal under the provisions of any Federal Statute or regulation for the Bank to pay interest in the manner outlined in the RFP, then the City expressly reserves the right and privilege to cancel the contract and to re-bid the Depository services.
- D. The Bank's records relating to the City of Joshua accounts shall be open to review by either City staff members or city appointed independent auditors during normal business hours.
- E. The proposing Bank shall submit a copy of their last annual financial statement along with their last two quarterly FDIC call reports.
- F. The term of the contract shall be the period beginning January 1, 2023 and ending September 30, 2026 or thereafter until a successor Depository has been selected. This contract shall be automatically extended up to 90 days if the City is actively proceeding with re-bidding procedures but, for whatever reason, cannot finalize the bidding or selection process by the end of the contract period.
- G. Bank agrees to honor and continue any investments made during the term of this contract that will mature after the expiration date at the same rate of interest.
- H. This contract is governed by the laws of the State of Texas. Venue shall be exclusively in Harris County.

## VIII. RFP INSTRUCTIONS/REQUIREMENTS

- A. Sealed proposals clearly marked with “**DO NOT OPEN – RFP - NO. 2022-02**” shall be delivered in triplicate along with one (1) electronic copy (Flash-Drive) to the office of Alice Holloway, City Secretary by 2:00 p.m., Wednesday November 9, 2022.



By Mail: City of Joshua  
101 S. Main Street  
Joshua, Texas 76058

In person: City of Joshua  
101 S. Main St.  
Joshua, Texas 76058

**NO REQUEST FOR PROPOSAL SHALL BE ACCEPTED AFTER 2:00 P.M. AND SHALL BE RETURNED UNOPENED IF RECEIVED AFTER 2:00 P.M.**

- B. The proposing Bank shall submit the RFP form as the OFFICIAL RFP FORM to submit rates and to answer questions. Any major changes or deletions that alter the intent of the RFP may be grounds for the City to disregard and reject the RFP and the bid. Variations or exceptions must be noted on the bid or on separate paper with reference to the appropriate section number.
- C. The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submission, any and all of which may be used in forming a recommendation.
- D. The City reserves the right to reject any and all proposals.
- E. The Proposer states that it is a Banking institution chartered under the laws of the United States or of the State of Texas.

**IX. OTHER MISCELLANEOUS**

- A. The City of Joshua shall require a review meeting occasionally to evaluate the working relationship between the City and the Depository Bank. The objective shall be to address any problems and to discuss the procedures involved in protecting the City's funds and pledged collateral.
- B. The final appointment of a Depository Bank shall be made by the Joshua City Council. The Proposer will be required to enter into a contract that incorporates all of the obligatory points in this RFP.
- C. This Request for Proposal has been duly advertised and is being offered for consideration to financial institutions within the general vicinity of the City of Joshua as permitted by State Laws.
- D. Upon being awarded the contract, the Depository Bank shall designate an individual to be the official contact person for all correspondence. The Bank shall be responsible for training and communicating the terms of this contract to Bank employees.

This proposal is submitted by the following person duly authorized to act on behalf of the Bank:

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Officer's Name and Title  
(please print)

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Officer's Signature

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Name of Bank Date

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Date

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Address

---

Telephone Number

### SUBMISSION CHECKLIST

The following schedules, information, and attachments shall be incorporated into the package along with this RFP in order for the proposal to be complete:

- \*III-B. Other services available to the City.
- \*III-E. Sample of monthly account analysis.
- \*III-G. Explanation of the Bank's policy and methodology of Money Market interest rates.
- \*V-C. Sample of a Safekeeping Receipt.
- \*V-C. Copy of the Safekeeping agreement and the name of the Trustee Bank.
- \*VII-E. Copy of last annual financial report statement and the subsequent FDIC call reports.